

City of Detroit

CITY COUNCIL

IRVIN CORLEY, JR.
FISCAL ANALYST
(313) 224-1076

FISCAL ANALYSIS DIVISION
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 215
Detroit, Michigan 48226
FAX: (313) 224-2783
E-Mail: cc-fiscal@ci.detroit.mi.us

ANNE MARIE LANGAN
ASSISTANT FISCAL ANALYST
(313) 224-1076

TO: Douglass Diggs, Director of Activities
Planning & Development Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 26, 2007

RE: 2007-2008 Budget Analysis

14.

Attached is our budget analysis regarding your department's budget for the upcoming 2007-2008 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Pamela Scales, Budget Department Director
Alia Moss, Budget Department Team Leader
Roger Short, Finance Department Director
Kandia Milton, Mayor's Office

Planning Development Department (36)

FY 2007-08 Budget Analysis by the Fiscal Analysis Division

Summary

The Planning Development Department is a General Fund agency.

The recommended 2007-08 Budget totals \$65.48 million. This represents a \$10.24 million increase (18.5%) from the current fiscal year.

The department's net tax cost is \$(6,142,678), which increases by \$17,405,223. This is due primarily to a corresponding decrease in City revenues of \$17.49 million.

In the recommended budget, the department receives 77.98% of its revenues from federal grants, which consists of Community Development Block Grant funds, and HOME Program funds. The Mayor anticipates that the department will receive \$2.8 million more in grant revenues in the upcoming fiscal year.

The City Council deliberates over the federal dollars in the budget during its review and approval of the city's Consolidated Plan that is submitted to HUD. Consequently, this budget analysis concentrates on the General Fund and Capital Improvement budgets of the department.

The Mayor recommends a capital improvement budget of \$7.5 million, which is a \$7.5 million increase from the current year's budget of zero.

The Mayor recommends a net increase of 4 positions, consisting of 4 grant positions.

2006-07 Surplus/(Deficit)

The Mayor anticipates a small surplus for the department in the amount of \$11,252. The appropriation surplus is due to lower vacancies.

Overtime

The department's overtime budget for 2006-07 is \$17,748. As of March 31, 2007, overall the department has spent \$11,449 (64.5%) on overtime. The Mayor recommends \$24,184 in overtime for the department in 2007-08.

Personnel and Turnover Savings

The Mayor recommends no turnover savings for the department in the 2007-08 Budget.

The following is information by appropriation comparing FY 2006-07 positions, as of March 31, 2007 filled positions and FY 2007-08 recommended positions:

<u>Appropriation/Program</u>	<u>Budgeted Positions FY 2006-07</u>	<u>Filled Positions 3/31/2007</u>	<u>Mayor's Budget Positions FY 2007-08</u>	<u>Over/(Under) Actual to 06/07 Budget</u>	<u>Mayor's Recommended Turnover</u>
Planning & Development Department (36)					
00015 Real Estate-City	18	22	23	4	\$ -
360105 Planning-City	2	2	2	0	\$ -
360145 Development City	11	11	6	0	\$ -
00883 Development-City	13	0	8	(13)	\$ -
360010 Administration	23	0	23	(23)	\$ -
360012 Grants/MIS	8	9	8	1	\$ -
360013 Financial Management	13	0	13	(13)	\$ -
360015 Contract Compliance	11	9	10	(2)	\$ -
06040 PDD Administration-BG	55	22	54	(33)	\$ -
360060 Development BG	18	0	18	(18)	\$ -
360100 Planning BG	14	14	14	0	\$ -
360120 Real Estate BG	3	4	4	1	\$ -
06044 Development-BG	35	18	36	(17)	\$ -
06106 Home Program 94 Administration	0	9	13	9	\$ -
360037 Neighborhood Development - Public	0	12	0	12	\$ -
360041 Neighborhood Development	0	0	0	0	\$ -
360090 Housing Services	35	35	34	0	\$ -
06667 NRR Rehab. Program Staff	35	0	34	(35)	\$ -
11134 Ofc. of Neighborhood Development	3	3	3	0	\$ -
360036 Neighborhood Development-Admin.	11	11	8	0	\$ -
360037 Neighborhood Development-Public	1	0	3	(1)	\$ -
360038 Comm. Based Org/Eco Dev Tech	4	5	5	1	\$ -
11494 Comm. Based Org/Eco Dev Tech Asst	16	0	16	(16)	\$ -
11815 Emergency Shelter Staff-PDD	0	0	0	0	\$ -
11884 CDC Admin. Operations	1	0	1	(1)	\$ -
360080 - Home Program 94 Administration	8	0	0	(8)	\$ -
36XXXX Leave of Absence	<u>0</u>	<u>(3)</u>	<u>0</u>	<u>(3)</u>	<u>\$ -</u>
TOTAL	<u>184</u>	<u>183</u>	<u>188</u>	<u>(1)</u>	<u>\$ -</u>

Proposed Layoffs and Vacant Position Reductions

The 2007-08 Budget requires no layoffs in the Planning Development Department.

The department is anticipating a net increase of 4 positions, consisting of 4 grant positions. The positions will be added to the HOME fund in order to ensure a reduction in lead hazardous homes in the city of Detroit.

Significant Funding by Appropriation

<u>Appro.</u>	<u>Program</u>	
00014	Community Development	This appropriation decreases by \$150,000, due primarily to decreases of \$25,000 for Advertising and \$125,000 in Property Taxes.
00015	Real Estate - City	This appropriation increases by \$726,000. The increase is due primarily to a \$442,000 increase in salaries and benefits related to the increase of 5 positions, a increase of \$200,000 in the cost related to block grant reimbursements (indirect costs), a \$53,000 increase in (distributed costs), a \$25,000 increase in contractual services, a \$3,600 increase for employee parking and a \$2,400 increase for private car reimbursement.
00595	Economic Dev. Corporation	The City's contribution for the Economic Development Corporation remains unchanged at \$300,000 in 2007-08 FY.
00597	Economic Grow. Corporation	The City's contribution for the Detroit Economic Growth Corporation remains unchanged at \$1 million in 2007-08 FY.
00883	Development - City	This appropriation decreases by \$810,000 due primarily to a \$818,000 decrease in org 36-0145 Development City due to the decrease of five (5) positions, offset by a slight increase of \$7,800 in org 36-0105 Planning City
00945	Commercial - Industrial Sites	This new appropriation consists of \$2 million in capital dollars to provide funds for Street Improvements-Direct Costs for commercial industrial sites.
12395	Planning & Dev. Bonds	This new appropriation consists of \$5.5 million in capital dollars to provide funds for Street Improvements Direct costs for residential sites.
11134	Off. of Neigh. Development	This appropriation increases slightly by \$65,000 in 2007-08 FY, due primarily to a \$50,000 increase in Other Expenses, a \$18,000 increase in salary and wages, offset by a \$1,700 reduction in Operating Services and \$1,000 reduction in Employee Benefits.

Significant Revenue Change by Appropriation and Source

<u>Appro.</u>	<u>Program</u>	
00014	Community Development	Revenue source decreases by \$17.8 million due primarily to a \$17 million decrease in the sales of City real property, a \$200,000 decrease in Rental-Public Buildings and a \$281,000 reduction for Miscellaneous Receipts.

00883	Development - City	Revenue decreases by \$11,600, due to a corresponding \$11,600 reduction in Miscellaneous Receipts revenue.
00945	Commercial - Industrial Sites	This new revenue appropriation consists of \$2 million in capital dollars, which include \$1 million from Earnings on Investment and \$1 million from Sale of Bonds.
12395	Planning & Dev. Bonds	This new revenue appropriation consists of \$5.5 million in capital dollars, which include \$5.5 million from Sale of Bonds.

Planning and Development (36)

Budgeted Professional and <u>Contractual Services by Activity</u>	FY 2006-07 <u>Budget</u>	FY 2007-08 <u>Recommended</u>	Increase <u>(Decrease)</u>
Administration	\$ 429,074	\$ 280,000	\$ (149,074)
Development	779,557	590,287	(189,270)
Planning	-	120,000	120,000
Bonded Capital Projects	-	-	-
Office of Neighborhood Commercial	-	-	-
Total	<u>\$ 1,208,631</u>	<u>\$ 990,287</u>	<u>\$ (218,344)</u>

Professional and Contractual Services are decreased by 18% in 2007-08.

Issues and Questions

- **(Pg 36-40) The Mayor has recommended that the department receive \$7.5 million in Capital dollars in the 2007-08 FY, up from zero in the current fiscal year.**

How does PDD plan on utilizing the \$2 million in Capital dollars for appropriation **00945 Commercial Industrial Sites**? Have the sites been selected? If yes, what are they and what is the anticipated future use for each of the commercial sites designated under this appropriation?

How does PDD plan on utilizing the \$5.5 million in Capital dollars for appropriation **12369 Planning and Development Bonds** for residential sites? Have the sites been selected? If yes, what are they and what is the anticipated future use for each of the residential sites designated under this appropriation?

Administration

- **(Pg. 36-2) One of the Major Initiatives for FY 2006-07 is to Implement a document imaging and management system. What is the status of this project and what is the timetable for its completion? What is the name of the document imaging system? What are the costs associated with the system's implementation? How will the full implementation of this document imaging**

system impact daily operations? Please explain what dollars will pay for the system and its implementation, General Fund dollars, Grant dollars, or both?

- **(Pg. 36-2)** What is the status and nature of the changes required by HUD in the IDIS system? How much does the implementation of the required changes cost?

Real Estate Development Division

- **(Pg. 36-6) Major Initiatives for FY 2006-07** of the Executive Budget, what are the costs associated with DPIS (Detroit Property Information System)? When is the anticipated implementation date? What is the cost of DPIS? What is the system's projected impact on revenue?
- Has the department developed a comprehensive development incentive strategy (Renaissance Zone, Brownfield NEZs Industrial Development Districts, etc.)? If so, what is it?
- What are the plans for Tiger Stadium and parcel?

Office of Neighborhood Commercial Revitalization

- **(Pg. 36-42)** What are the five "Re\$tores Detroit! Districts"?
- What specific goals and objectives does the division plan to complete in the 2007-08 fiscal year?
- It appears from the target for FY 2007-08 **(Pg. 36-43)** the number of districts will expand from five to nine. Is this accurate? If so, have the four new districts been selected? Last year at this time, the division had projected it would expand from five to eight districts. What occurred to prevent those plans from taking place?

Revenue

- **(Pg. 36-51) 0014 Community Development - 464100 Sales of City Real Property (Pg. 36-46)** In the current fiscal year 2006-07, Planning and Development has **\$30 million** in budgeted revenue slated for this revenue category. To-date, what is the current level of revenue collections in this category? Will the department collect all of this revenue before the fiscal year ends, June 30, 2007? Based on 2005-06 revenue actuals, PDD collected only \$9 million in total general fund revenue.